

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Calhoun County Park Trustees	County Calhoun
Audit Date December 31, 2004	Opinion Date April 1, 2005	Date Accountant Report Submitted to State: June 24, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

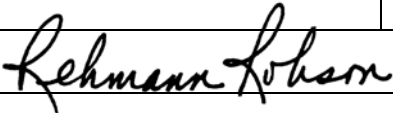
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025	City SAGINAW	State MI	Zip 48605
Accountant Signature 			

# **CALHOUN COUNTY PARK TRUSTEES**

**Marshall, Michigan**

## **FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2004**



**REHMANN ROBSON**

*Certified Public Accountants*

# **CALHOUN COUNTY PARK TRUSTEES**

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# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP



## INDEPENDENT AUDITORS' REPORT

April 1, 2005

Calhoun County Park Trustees  
Marshall, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the **CALHOUN COUNTY PARK TRUSTEES FUND OF THE COUNTY OF CALHOUN, MICHIGAN, (the "Commission")** as of and for the year ended December 31, 2004, which collectively comprise the Park Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Calhoun County Park Trustees' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Calhoun County Parks General Operating Fund of the County of Calhoun, Michigan, and are not intended to present fairly the financial position of the County of Calhoun, Michigan, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the **Calhoun County Park Trustees** as of December 31, 2004, and the respective changes in financial position thereof and the budgetary comparison for the parks general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2005, on our consideration of the **Calhoun County Park Trustees'** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Lehmann Johnson". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

## **FINANCIAL STATEMENTS**

# CALHOUN COUNTY PARK TRUSTEES

## STATEMENT OF NET ASSETS AND GENERAL FUND BALANCE SHEET

DECEMBER 31, 2004

<u>ASSETS</u>	<u>General Operating Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,011	\$ -	\$ 1,011
Accounts receivable	10,000	-	10,000
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 11,011</u></b>	<b><u>-</u></b>	<b><u>\$ 11,011</u></b>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ -	76,590	\$ 76,590
Due to Road Commission component unit	76,590	(76,590)	-
<b>Total liabilities</b>	<b><u>76,590</u></b>	<b><u>-</u></b>	<b><u>76,590</u></b>
<b>Fund balance/Net Assets</b>			
Fund balances:			
Unreserved, (deficit)	(65,579)	65,579	-
<b>Total fund balance (deficit)</b>	<b><u>(65,579)</u></b>	<b><u>65,579</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 11,011</u></b>		
<b>Net assets</b>			
Unrestricted (Deficit)		<b><u>\$ (65,579)</u></b>	<b><u>\$ (65,579)</u></b>

The accompanying notes are an integral part of these financial statements.

# CALHOUN COUNTY COUNTY PARKS TRUSTEES

## STATEMENT OF ACTIVITIES AND GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>General Operating Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Expenditures/Expenses</b>			
Current:			
Parks and recreation	\$ 106,469	\$ -	\$ 106,469
<b>Program Revenues</b>			
Operating grants and contributions	16,025	-	16,025
Charges for services	90,761	-	90,761
Total Program Revenues	106,786	-	106,786
<b>Net Program Revenue</b>			317
<b>General Revenues</b>			
Interest earned	125	-	125
<b>Net Change in Fund Balances</b>	442	(442)	-
<b>Changes in Net Assets</b>		442	442
<b>Fund Balance (Deficit)/Net Assets, Beginning of year</b>	(66,021)	-	(66,021)
<b>Fund Balance (Deficit)/Net Assets, End of year</b>	\$ (65,579)	\$ -	\$ (65,579)

The accompanying notes are an integral part of these financial statements.



# CALHOUN COUNTY PARK TRUSTEES

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2004

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
<b>Revenue</b>				
Charges for services - golf course	\$ 146,815	\$ 146,815	\$ 90,636	\$ (56,179)
Charges for services - other	100	100	125	25
Contributions	75,000	75,000	16,025	(58,975)
Interest	-	-	125	125
<b>Total revenue</b>	<u>221,915</u>	<u>221,915</u>	<u>106,911</u>	<u>(115,004)</u>
<b>Parks and recreation expenditures</b>				
Custer Greens Golf Course	139,882	139,882	106,469	(33,413)
Other	75,000	75,000	-	(75,000)
<b>Total expenditures</b>	<u>214,882</u>	<u>214,882</u>	<u>106,469</u>	<u>(108,413)</u>
<b>Net change in fund balance</b>	7,033	7,033	442	(6,591)
Fund balance (deficit), beginning of year	<u>(66,021)</u>	<u>(66,021)</u>	<u>(66,021)</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u><u>\$ (58,988)</u></u>	<u><u>\$ (58,988)</u></u>	<u><u>\$ (65,579)</u></u>	<u><u>\$ (6,591)</u></u>

The accompanying notes are an integral part of these financial statements.

# CALHOUN COUNTY PARK TRUSTEES

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Calhoun County Park Trustees (the “Park Commission”) conform to generally accepted accounting principles as applied to governmental units. The following is a summary of the significant policies.

#### **Reporting Entity**

The Calhoun County Park Trustees, referred to as the Park Commission, is a Special Revenue Fund of the County of Calhoun, Michigan (“County”), and is used to control the expenditure of revenues from County park operations, primarily the operation of a public golf course. This fund is presented as the entity’s general operating fund.

#### **Basis of Presentation**

##### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. *Governmental activities* are supported by charges for services and interest income.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

##### **Measurement Focus Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements (statement of net assets and the statement of activity) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund (general fund) financial statements (general fund balance sheet and general fund revenues, expenditures and changes in fund balance) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences not expected to be paid in the current year and claims and judgments, are recorded only when payment is due.

# CALHOUN COUNTY PARK TRUSTEES

## NOTES TO FINANCIAL STATEMENTS

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Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Park Commission reports the following major governmental fund:

The *special revenue parks fund* is this reporting unit's primary operating fund. It accounts for specific revenue sources that are legally restricted to expenditures for the County Park System. It is presented as the general operating fund for the Parks Commission.

### **Budgetary Data**

The governmental fund is under formal budgetary control. The budget shown in the financial statements is adopted on a basis consistent with generally accepted accounting principles (GAAP), and is not significantly different from the modified accrual basis used to reflect actual results, and consists only of those amounts contained in the formal budget as originally adopted or as amended by the Board of County Park Commissioners. The budget for the Parks General Operating Fund is adopted on a functional basis.

## **2. CASH DEPOSITS AND INVESTMENTS**

### **Deposits**

At December 31, 2004, the amount of the Park Commission's deposits were as follows:

	<b><u>Carrying Amount</u></b>	<b><u>Bank Balance</u></b>
Checking accounts	<b><u>\$ 1,011</u></b>	<b><u>\$ 1,011</u></b>

- \* Deposits of the Park Commission are held by Calhoun County and may be partially covered by federal depository insurance. The amount of federal depository insurance is determined for the County as a whole, but cannot be separately identified for the Park Commission.

# **CALHOUN COUNTY PARK TRUSTEES**

## **NOTES TO FINANCIAL STATEMENTS**

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### **3. INTERFUND RECEIVABLES AND PAYABLES**

At December 31, 2004, interfund receivables and payables consisted of an amount due from the Park's general operating fund to the Calhoun County Road Commission in the amount of \$76,590.

### **4. FUND DEFICIT**

The General Operating Fund ended the year with a deficit fund balance of \$65,579. It is the County's intention to eliminate this deficit by generation of revenues in excess of expenditures in future years, and to file a deficit elimination plan update with the State of Michigan Department of Treasury.

\* \* \* \* \*

## **INTERNAL CONTROL AND COMPLIANCE**



**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

April 1, 2005

Members of the Board of County  
Park Commissioners  
County of Calhoun, Michigan  
Calhoun, Michigan

We have audited the financial statements of the Calhoun County Park Trustees, a special revenue fund of Calhoun County, as of and for the year ended December 31, 2004, and have issued our report thereon dated April 1, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Calhoun County Park Trustees' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Calhoun County Park Trustees' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of Calhoun County Park Trustees in a separate letter dated April 1, 2005.

This report is intended solely for the information and use of management, the Board of County Park Commissioners, the County's Board of Commissioners, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.



# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP



April 1, 2005

Calhoun County Park Trustees  
Calhoun County, Michigan

We have audited the financial statements of the *Calhoun County Park Trustees* for the year ended December 31, 2004, and have issued our report thereon dated April 1 2005. Professional standards require that we provide you with the following information related to your audit.

### **Our Responsibility Under Generally Accepted Auditing Standards**

As stated in our engagement letter dated January 18, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of by Calhoun County Park Trustees. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Calhoun County Park Trustees compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Calhoun County Park Trustees are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Calhoun County Park Trustees during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.



### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant accounting estimates being used by the Parks Fund.

### **Significant Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Calhoun County Park Trustees that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. No audit adjustments were necessary.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Calhoun County Park Trustees' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

This information and the attached memorandum is intended solely for the use of the Board and management of the Calhoun County Park Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive style with a large, prominent 'L' at the beginning.

# **CALHOUN COUNTY PARK TRUSTEES**

## **ACCOUNTING MEMORANDUM**

**YEAR ENDED DECEMBER 31, 2004**

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### **Fund Deficit**

Even though there was an excess of revenues over expenditures of \$442 for the year ended December 31, 2003, there still remains a cumulative fund deficit of \$65,579. This is a violation of the compiled laws for governmental units operating in Michigan. The \$442 income included a contribution from the County of \$10,000. Without the \$10,000 contribution, there would have been a \$9,558 loss in the Park golf course operations.

As recommended in prior years, we recommend that the Commission continue to look at all possible revenue sources in order to eliminate this deficit in a timely manner. Also, the Board should assess whether the continued operation of the golf course is warranted, in order to eliminate the potential for additional deficits.

\* \* \* \* \*